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| Miscellaneous   | 7 |

**STOP Contract**

|                 |   |
|-----------------|---|
| Salaries        | 8 |
| Fringe Benefits | 8 |
| Supplies        | 8 |

**RPS Contract**

|                 |   |
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| Salaries        | 8 |
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**FFDV Contract**

|                 |   |
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| Salaries        | 8 |
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## **INTRODUCTION**

Turning Point, Inc. entered into contract numbers DV-00-50001, STOP-00-50001, RPS-00-50001, FFDV-00-5001 and ES-00-50002 with the Michigan Family Independence Agency (FIA) Under the DV contract, Turning Point was to provide Emergency Shelter, Twenty-Four Hour Hotline, Crisis, Support, and Group Counseling and Support Services. Under the STOP contract they were to provide Legal Advocacy services for victims and training for police, prosecutors, advocates and court personnel. The RPS contract required them to provide a Twenty-Four Hour Crisis Hotline, Direct Emergency Intervention Services, Follow-Up Support Counseling, Ongoing Support and Advocacy, and Community Education. The FFDV contract required them to provide counseling and outreach services to clients at risk of becoming homeless. The ES contract required Turning Point to provide Emergency Shelter to individuals who are homeless or in a crisis situation. Turning Point, Inc. was reimbursed for actual costs incurred for the DV, STOP, RPS and FFDV contracts, and for units of service provided for the ES contract, through submission of monthly billings to FIA. The DV, STOP, RPS, FFDV and ES contracts totaled \$607,852.13. The contracts covered the period October 1, 2000 through September 30, 2002.

## **SCOPE**

The Office of Internal Audit performed an audit of Turning Point, Inc. to determine if the agency's billings were accurate, and if costs billed were allowable and properly supported by the accounting records and other relevant documentation, in accordance with the terms of the contract. Our audit covered the period October 1, 2000 through December 31, 2001.

## **EXECUTIVE SUMMARY**

Based on our audit, we conclude that Turning Point, Inc. has overbilled FIA \$12,519 for FY 2001 contracts. The DV and STOP contracts were underbilled by \$6,237, the FFDV contract was overbilled by \$18,756. Our report recommends that the Child and Family Services Administration initiate the process to recoup \$12,519 from Turning Point, Inc. for overbilled costs. We also concluded that Turning Point, Inc. has overbilled some items and underbilled others for their FY 2002 contracts. Our report recommends that Turning Point, Inc. make adjustments to future billings to correct for the over and under billings.

## **AGENCY RESPONSE**

The management of Turning Point, Inc. has reviewed all findings and recommendations included in this report. They indicated in a letter dated May 21, 2002, that they are in general agreement with the report. They also explained that staff turnover and the need to rebuild their accounting system caused some of the problems identified in our audit. They also indicated that they have corrected these problems.

## **FINDINGS AND RECOMMENDATIONS**

### **Fiscal Year 2001**

#### **All Contracts**

##### **General Ledger**

1. Turning Point, Inc. did not have their general ledger up to date for the period October 1, 2000 through September 30, 2001. The expenses were not recorded by grant and were not properly allocated to each program. An incomplete general ledger does not provide the necessary audit trail for management to monitor expenses or bill grantor agencies for expenses incurred for their programs.

### **Contract #DV-00-50001**

#### **Salaries**

2. Turning Point, Inc. underbilled FIA \$4,102.55 for salaries due to the actual salaries incurred exceeding the billed amount.

#### **Fringe Benefits**

3. Turning Point, Inc. overbilled FIA \$436.18 for fringe benefits due to the actual fringe benefits being less than what was billed.

#### **Miscellaneous**

4. Turning Point, Inc. overbilled FIA \$3,229.90 for miscellaneous expense. The Director's liability insurance was billed based on the budget amount instead of the actual cost incurred.

#### **Case File Review**

There were no exceptions noted for the 63 case files reviewed.

### **Contract #STOP 00-50001**

#### **Salaries**

5. Turning Point, Inc. underbilled FIA \$7,607 for salaries due to the actual salaries cost exceeding the billed amount.

#### **Fringe Benefits**

6. Turning Point, Inc. overbilled FIA \$910.61 for fringe Benefits due to the actual cost being less than the billed amount.

### Supplies

7. Turning Point, Inc. overbilled FIA \$133.68 for supplies due to the actual supplies cost being less than the billed amount. The agency billed the line item budget amount instead of the allocated share of the office supplies.

### Local Transportation

8. Turning Point, Inc. overbilled FIA \$22.95 for Local Transportation expense due to the actual cost being less than what was billed. The agency billed the line item budget amount instead of the actual cost.

### Specific Assistance

9. Turning Point, Inc. overbilled FIA \$738.50 for specific assistance due to the actual documented cost being less than the billed amount. The agency billed the budgeted amount instead of the actual cost.

### Case File Review

There were no exceptions noted for the 13 case files reviewed.

### **Contract #RPS-00-50001**

### Salaries

10. Turning Point, Inc. underbilled FIA \$562.15 for salaries due to the actual salaries exceeding the billed amount.

### Fringe Benefits

11. Turning Point, Inc. overbilled FIA \$261.39 for fringe benefits due to the actual fringe benefits being less than the billed amount.

### Supplies

12. Turning Point, Inc. overbilled FIA \$453.33 for supplies expense due to the actual cost being less than the billed amount. The allocation of general office supplies expense was based on the budget, rather than actual cost.

### Local Transportation

13. Turning Point, Inc. overbilled FIA \$1,437.43 for local transportation costs due to the actual cost being less than the amount billed.

### Contractual Services

14. Turning Point, Inc. underbilled FIA \$1,590 for contractual services due to the actual cost being more than what was billed for.

### Case File Review

There were no exceptions noted in 10 case files reviewed.

### **Contract #FFDV-00-50001**

### Salaries

15. Turning Point, Inc. overbilled FIA \$2,813.69 for salaries due to the actual salaries being less than the billed amount.

### Fringe Benefits

16. Turning Point, Inc. overbilled FIA \$1,566.68 for fringe benefits due to the actual fringe benefits paid being less than what was billed.



#### Occupancy

17. Turning Point, Inc. overbilled FIA \$3,550.49 due to the rent expense being less than what was billed. The rent expense was billed based on the budgeted line item amount rather than actual cost.

#### Communication

18. Turning Point, Inc. underbilled FIA \$124.23 for communication expense due to the actual costs being less than the billed amount.

#### Supplies

19. Turning Point, Inc. overbilled FIA \$824.29 for supplies due to the actual cost of supplies being less than the billed amount.

#### Local Transportation

20. Turning Point, Inc. overbilled FIA \$6,469.37 for Local Transportation costs due to the actual cost of mileage, lodging, and meals being less than what was billed.

#### Specific Assistance

21. Turning Point, Inc. overbilled FIA \$1,874.54 for Specific Assistance to families because the actual payments made to families was less than what was billed.

#### Miscellaneous

22. Turning Point, Inc. overbilled FIA \$3,429.84 for Miscellaneous expense because the actual cost of accounting services, conferences and training was less than what was billed. Turning Point, Inc. billed the budget amount instead of actual cost.

### Case File Review

No exceptions were noted in the 10 case files reviewed.

### **Contract #ES-01-50004**

No findings in this contract

WE RECOMMEND that the Child and Family Services Administration initiate the process to recoup \$12,519 from Turning Point, Inc. for overbilled line items. See Schedule A for a summary of the audit adjustments.

### **FY 2002**

### **Contract # DV-50-0001**

#### Salaries

23. Turning Point, Inc. underbilled FIA \$1,302.99 for salaries because the actual salaries paid exceeded the billed amount.

#### Fringe Benefits

24. Turning Point, Inc. overbilled FIA \$454.36 for fringe benefits due to the actual fringe benefits costs being less than what was billed.

#### Miscellaneous

25. Turning Point, Inc. underbilled FIA \$610.07 for miscellaneous expense due to the cost of the vehicle insurance exceeding the amount billed.

**Contract #STOP-00-5001**

Salaries

26. Turning Point, Inc. overbilled FIA \$73.89 for salaries due to the actual salaries cost being less than the billed amount.

Fringe Benefits

27. Turning Point, Inc. underbilled FIA \$491.68 for fringe Benefits due to the actual cost being more than the billed amount.

Supplies

28. Turning Point, Inc. billed FIA for food and household supplies which were not an allowable cost under the contract. The amount billed was immaterial. However, Turning Point, Inc. should only bill for costs that are included in the contract budget.

**Contract #RPS –00-5001**

Salaries

29. Turning Point, Inc. underbilled FIA \$1,528.14 for salaries due to the actual salaries exceeding the billed amount.

Fringe Benefits

30. Turning Point, Inc. underbilled FIA \$509.24 for fringe benefits due to the actual fringe benefits being less than the billed amount.

**Contract # FFDV-50001**

Salaries

31. Turning Point, Inc. overbilled FIA \$1052.90 for salaries due to the actual salaries being less than the billed amount.

#### Fringe Benefits

32. Turning Point, Inc. underbilled FIA \$546.24 for fringe benefits due to the actual fringe benefits paid being less than what was billed.

#### Occupancy

33. Turning Point, Inc. overbilled FIA \$524.58 due to the rent expense being less than what was billed. The actual cost per square foot was less than the budgeted amount, which was used for billing purposes.

#### Communication

34. Turning Point, Inc. overbilled FIA \$66 for pagers that are billed and paid for under the VOCA grant.

WE RECOMMEND that Child and Family Services Administration instruct Turning Point, Inc. to include underbilled amounts and exclude overbilled amounts in future billings. See Schedule B for a summary of the adjustments for the 2002 contracts.

| Finding #                     | Line Item            | Audit Period    | Over/(Under)<br>Billed Gross<br>Amount | Total<br>Over/(Under)<br>Billed<br>Amount |
|-------------------------------|----------------------|-----------------|--|---|
| <b>Contract #DV-00-5001</b>   |                      |                 |  |   |
| 2                             | Salaries             | 10/1/00-9/30/01 | \$ (4,103)                             |   |
| 3                             | Fringe Benefits      | 10/1/00-9/30/01 | \$ 436                                 |   |
| 4                             | Miscellaneous        | 10/1/00-9/30/01 | \$ 3,230                               | \$ (436)                                  |
| <b>Contract#STOP-00-50001</b> |                      |                 |  |   |
| 5                             | Salaries             | 10/1/00-9/30/01 | \$ (7,607)                             |   |
| 6                             | Fringe Benefits      | 10/1/00-9/30/01 | \$ 911                                 |   |
| 7                             | Supplies             | 10/1/00-9/30/01 | \$ 134                                 |   |
| 8                             | Local Transportation | 10/1/00-9/30/01 | \$ 23                                  |   |
| 9                             | Specific Assistance  | 10/1/00-9/30/01 | \$ 739                                 | \$ (5,801)                                |
| <b>Contract#RPS-00-50001</b>  |                      |                 |  |   |
| 10                            | Salaries             | 10/1/00-9/30/01 | \$ (562)                               |   |
| 11                            | Fringe Benefits      | 10/1/00-9/30/01 | \$ 261                                 |   |
| 12                            | Supplies             | 10/1/00-9/30/01 | \$ 453                                 |   |
| 13                            | Local Transportation | 10/1/00-9/30/01 | \$ 1,437                               |   |
| 14                            | Contractual Services | 10/1/00-9/30/01 | \$ (1,590)                             | \$ 0                                      |
| <b>Contract#FFDV-00-50001</b> |                      |                 |  |   |
| 15                            | Salaries             | 10/1/00-9/30/01 | \$ 2,814                               |   |
| 16                            | Fringe Benefits      | 10/1/00-9/30/01 | \$ 1,567                               |   |
| 17                            | Occupancy            | 10/1/00-9/30/01 | \$ 3,550                               |   |
| 18                            | Communications       | 10/1/00-9/30/01 | \$ (124)                               |   |
| 19                            | Supplies             | 10/1/00-9/30/01 | \$ (824)                               |   |
| 20                            | Local Transportation | 10/1/00-9/30/01 | \$ 6,469                               |   |
| 21                            | Specific Assistance  | 10/1/00-9/30/01 | \$ 1,875                               |   |

|   |               |                 |    |       |    |        |
|---|---------------|-----------------|----|-------|----|--------|
| 22  | Miscellaneous | 10/1/00-9/30/01 | \$ | 3,430 | \$ | 18,757 |
| <b>Total Overbilled for all Contracts</b> |               |                 |    |       | \$ | 12,519 |

| Finding #                      | Line Item       | Audit Period     | Over/(Under)<br>Billed Gross<br>Amount | Total<br>Over/(Under)<br>Billed<br>Amount |
|--------------------------------|-----------------|------------------|--|---|
| <b>Contract #DV-00-5001</b>    |                 |                  |  |   |
| 23                             | Salaries        | 10/1/01-12/31/01 | \$ (1,303)                             |   |
| 24                             | Fringe Benefits | 10/1/01-12/31/01 | \$ 454                                 |   |
| 25                             | Miscellaneous   | 10/1/01-12/31/01 | \$ (610)                               | \$ (1,459)                                |
| <b>Contract#STOP-00-50001</b>  |                 |                  |  |   |
| 26                             | Salaries        | 10/1/01-12/31/01 | \$ 74                                  |   |
| 27                             | Fringe Benefits | 10/1/01-12/31/01 | \$ (492)                               | \$ (418)                                  |
| 28                             | Supplies        | 10/1/01-12/31/01 | \$ -                                   |   |
| <b>Contract#RPS-00-50001</b>   |                 |                  |  |   |
| 29                             | Salaries        | 10/1/01-12/31/01 | \$ (1,528)                             |   |
| 30                             | Fringe Benefits | 10/1/01-12/31/01 | \$ (509)                               | \$ (2,037)                                |
| <b>Contract#FFDV-00-50001</b>  |                 |                  |  |   |
| 31                             | Salaries        | 10/1/01-12/31/01 | \$ 1,053                               |   |
| 32                             | Fringe Benefits | 10/1/01-12/31/01 | \$ (546)                               |   |
| 33                             | Occupancy       | 10/1/01-12/31/01 | \$ 525                                 |   |
| 34                             | Communications  | 10/1/01-12/31/01 | \$ 66                                  | \$ 1,098                                  |
| <b>Total for all contracts</b> |                 |                  |  | <b>\$ (2,816)</b>                         |

